

LNF & IHCIF Calculations Illustration

- TRENTON in Aberdeen area -

Given Data

- 1,494 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 30% = % Expenditures on purchased services, 70% = % expenditures in-house
- 93.0% = Cost index for purchasing health care in this geographic area
- 130.0% = Size cost index for in-house costs due to small or large size
- 108.7% = Aberdeen area cost index for health status above or below average

Cost Adjustment Calculations

- \$836 per person for purchased services = $30\% * 93.0\% * \$2,980$
- \$2,706 per person for in-house services = $70\% * 130.0\% * \$2,980$
- \$3,542 per person total = \$836 (purchase) + \$2,706 (in-house)
- **\$3,850 per person total** adjusted for health status = $\$3,542 * 108.7\%$
- **\$3,105 per person net cost** = $\$3,850 - \745 Other resources (M&M&PI)

Existing Expenditures (for 1,494 users excluding wrap-around and collections)

- \$1,107 per person = local IHS allowance (excludes \$ for wrap-around)
- \$203 per person = expenditures elsewhere in Aberdeen area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,364 per person for OU users** = $\$1,107 + \$203 + \$54$

LNF Calculation

- **35.4% Gross LNF** = $\$1,364$ (expenditures) / $\$3,850$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **43.9% Net LNF** = $\$1,364 / \$3,105$ net cost ($\$3,850 - \745 other)

IHCIF Allocation

- \$746,298 = \$ to raise LNF% from 43.9% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$26,031 Allocation** = $\$746,298$ needed for 60% * 3.488% IHCIF fraction

TRENTON Unmet Needs

- **\$4,639,297 Net Total Need** = 1,494 users * \$3,105 net cost
- **\$2,602,016 Net Unmet Need** = $(100\% - 43.9\% \text{ LNF}) * 1,494 \text{ users} * \$3,105 \text{ net cost}$